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LIGAND PHARMACEUTICALS INCORPORATED

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

LIGAND PHARMACEUTICALS  
INCORPORATED, a Delaware corporation,

Plaintiff,

v.

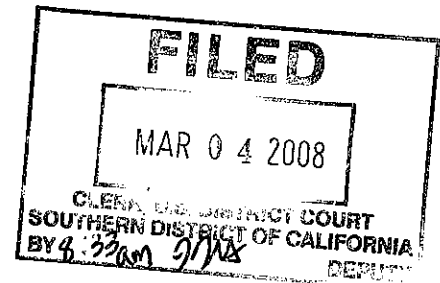
THE ROCKEFELLER UNIVERSITY, a  
New York not-for-profit corporation,

Defendant.

'08 CV 401 BEN WMC

Civil Action No.

**COMPLAINT FOR DECLARATORY  
JUDGMENT**



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**I. NATURE OF THE ACTION**

1. This is a civil action under the Declaratory Judgment Act, 28 U.S.C. § 2201, et seq., for declaration of rights between the parties under a License Agreement dated September 30, 1992 ("License Agreement," attached as Exhibit A and incorporated by reference) and under certain United States patents related to the License Agreement.

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**II. PARTIES**

2. Plaintiff LIGAND PHARMACEUTICALS INCORPORATED (hereinafter "Ligand" or "Plaintiff") is a Delaware corporation with its principal place of business at 10275 Science Center Drive San Diego, California 92121.

3. Ligand was incorporated in 1987 and since then has been engaged in, *inter alia*, the research and development of drugs for various diseases and disorders. Ligand currently has less than sixty (60) employees.

4. Defendant THE ROCKEFELLER UNIVERSITY (hereinafter "Rockefeller" or "Defendant") is a New York not-for-profit corporation with its principal place of business at 1230 York Avenue, New York, New York 10021.

5. Rockefeller is a university periodically engaged in research and development. Rockefeller currently has 69 heads of laboratories, 200 research and clinical scientists, 350 postdoctoral investigators, 1,050 support staff, 150 Ph.D. students, 50 M.D.-Ph.D. students and 960 alumni according to the Rockefeller website.

6. NEW YORK UNIVERSITY ("NYU") is a New York not-for-profit corporation with its principal place of business at 70 Washington Square S, New York, New York 10012.

7. NYU is a university periodically engaged in research and development. NYU is not a party to the License Agreement or this lawsuit, but in the past it has received payments due to it under the License Agreement.

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**III. JURISDICTION AND VENUE**

8. This Court has personal jurisdiction over Defendant Rockefeller by virtue of its presence and activities in the state of California, including but not limited to entering into

1 the License Agreement, as rights granted by the License Agreement were to be used in this  
2 judicial district, its past ownership interest in Ligand (located in this judicial district) under  
3 the License Agreement, as well as activities of Dr. James E. Darnell ("Darnell") in  
4 performing services in this judicial district under a Professional Services Agreement  
5 ("Services Agreement") dated September 30, 1992.

6 9. NYU is not being joined in this lawsuit for the following reasons. It is not a  
7 party to the License Agreement. Its interests under the License Agreement are subordinate to  
8 those of Rockefeller and, on information and belief, those interests are adequately protected  
9 by Rockefeller. Finally, Rockefeller, not NYU, is the owner of any intellectual property  
10 rights licensed under the License Agreement.

11 10. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1332, 1338  
12 and 2201.

13 11. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(a) and  
14 (c).

#### 15 IV. TECHNOLOGY

16 12. Since its inception, and prior to entering into the License Agreement with  
17 Rockefeller, Ligand has been actively involved in small molecule drug discovery. For  
18 example, Ligand owns intracellular receptor ("IR") technology that relates to families of  
19 transcription factors that change cell function by selectively turning on or off specific genes  
20 in response to circulating signals that act on cells. Ligand developed (and/or in-licensed from  
21 one or more sources other than Rockefeller) certain IR-based transcriptional assays to screen  
22 candidate drugs.

23 13. Thrombopoietin ("TPO") is a peptidyl hormone that activates a signaling  
24 cascade in a cell by binding to a receptor on a cell surface. Once bound by TPO, the cell  
25 surface receptor initiates a signaling cascade from the cell surface to the nucleus, where  
26 specific genes are selectively turned on in response to TPO. This gene regulation is mediated  
27 by transcription factors activated by the TPO signaling cascade and has a major effect on cell  
28 fate decisions by regulating cell proliferation and differentiation.

1           14.    Ligand developed cell-based assays to screen candidate TPO mimics. These  
2   assays included cell proliferation and cell differentiation assays, as well as transcriptional  
3   assays. The transcriptional assays developed by Ligand to screen candidate TPO mimics  
4   were analogous to the transcriptional assays developed for Ligand's IR program.

5           15.    The transcriptional assays involved use of a reporter construct which produces a  
6   signal in response to activated transcription factors in the cell.

7           16.    Ligand's assays were used to discover and develop new drugs that mimic the  
8   action of TPO and may be useful in the treatment of a wide variety of diseases and disorders.

9                                   **V. FACTUAL BACKGROUND**

10          17.    Darnell served on Ligand's Scientific Advisory Board for several years and  
11   visited with Ligand scientists at Ligand's facilities and elsewhere in San Diego many times in  
12   connection with the License Agreement and/or the Services Agreement.

13          18.    On information and belief, at all times relevant here to, Darnell acted in  
14   conjunction with Rockefeller and had authority to act on behalf of Rockefeller to fulfill  
15   Rockefeller's obligations under the License Agreement.

16          19.    After negotiations between the parties, Ligand executed two separate  
17   agreements on September 30, 1992, the License Agreement with Rockefeller and the Services  
18   Agreement with Darnell.

19          20.    The License Agreement was generally directed to the licensing of "Licensed  
20   Patent Rights" and "Technical Information" relating to peptidyl hormone mediated gene  
21   expression.

22          21.    The Licensed Patent Rights are defined in Section 1.3 of the License  
23   Agreement to be patent applications identified in Exhibit A to the License Agreement, related  
24   "divisionals, continuations, continuations-in-part, reissues, renewals, foreign counterparts,  
25   extension or additions," and any patents which may issue thereon. (Section 1.3, License  
26   Agreement).

27          22.    Rockefeller is the identified assignee of United States patents, including: U.S.  
28   Pat. No. 6,605,442; U.S. Pat. No. 5,976,835; U.S. Pat. No. 6,013,475; U.S. Pat. No.

1 6,030,808; U.S. Pat. No. 6,338,949; U.S. Pat. No. 6,124,118; U.S. Pat. No. 7,060,682; U.S.  
2 Pat. No. 5,716,622; U.S. Pat. No. 5,883,228; U.S. Pat. No. 6,030,780; U.S. Pat. No.  
3 6,720,154; U.S. Pat. No. 7,115,567; U.S. Pat. No. 6,960,647; and U.S. Pat. No. 7,211,655  
4 ("Rockefeller Patents" attached as Exhibits B through O), which all either claim priority back  
5 to the patent applications listed in Exhibit A to the License Agreement or relate to what  
6 Rockefeller argues is Technical Information under the License Agreement.

7 23. Technical Information is defined in Section 1.4 of the License Agreement to  
8 include "technical data, information processes, materials and know-how, whether or not  
9 patentable" relating to peptidyl mediated gene expression that is owned by Rockefeller and  
10 was developed as of the effective date of the License Agreement or during the next five (5)  
11 years. (Section 1.4, License Agreement).

12 24. The License Agreement between Ligand and Rockefeller contemplated that  
13 certain of the intellectual property of Rockefeller might be used by Ligand in development of  
14 new pharmaceutical agents. (Sections 2.4 and 2.5, License Agreement). Nothing in the  
15 License Agreement prohibited Ligand from developing processes and products relating to  
16 cell-based assays to screen candidate drugs independent of Rockefeller's intellectual  
17 property, as Ligand had done previously with its IR technology.

18 25. Independent of the rights acquired under the License Agreement, on December  
19 29, 1994, Ligand entered into a Research Development and License Agreement ("GSK  
20 License") with SmithKline Beecham Corporation, now GlaxoSmithKline ("GSK"). The  
21 GSK License relates to a joint research and development effort by Ligand and GSK directed  
22 to discovery of small molecule compounds which act as modulators of certain  
23 HEMATOPOIETIC GROWTH FACTORS (including TPO, as defined in Section 1.17 of the  
24 GSK License) and to develop pharmaceutical products from such compounds.

25 26. On information and belief, Rockefeller has been aware of the GSK License  
26 since it was signed by Ligand and GSK in 1994.

27 27. Under the RESEARCH PROGRAM as defined in the GSK License, a cell-  
28 based high throughput screen was developed by Ligand to help identify at least one

1 potentially useful drug known as eltrombopag or PROMACTA<sup>®</sup> and a back-up thereto known  
2 as SB-559448 ("GSK Products"). Under the GSK License, GSK has paid Ligand milestone  
3 payments amounting to \$8 million for achieving certain milestones under the GSK License.

4 28. GSK has made significant progress toward gaining approval for at least one of  
5 the GSK Products through the regulatory process before the Food and Drug Administration.

6 29. As early as October 2003, Rockefeller became specifically aware of the GSK  
7 Products and inquired about and demanded payment from Ligand under the License  
8 Agreement for what Rockefeller alleged were uses of its Licensed Patent Rights or Technical  
9 Information covered by the License Agreement.

10 30. Ligand disputes that the GSK Products are subject to payments under the  
11 License Agreement.

12 31. Section 2.5 of the License Agreement obligates Ligand to pay Rockefeller  
13 only under certain circumstances. The payments described in Section 2.5 generally are  
14 twenty five per cent (25%) of payments received from third parties by Ligand if those  
15 payments were to secure the right to use Technical Information or the right to sell Products or  
16 Processes.

17 32. The GSK Products are not Products as the term "Product" is defined under  
18 Section 1.5 of the License Agreement. They do not embody or use any invention described  
19 or claimed in the Licensed Patent Rights. Furthermore, Technical Information was not  
20 essential to their discovery or development. GSK's payments to Ligand are not and will not  
21 be to secure any Rockefeller rights that would otherwise prevent GSK from selling the GSK  
22 Products. Rockefeller does not own any Licensed Patent Rights or Technical Information  
23 that GSK would need to sell the GSK Products. Thus, no payments are due to Rockefeller  
24 under the License Agreement.

25 33. Rockefeller has alleged the GSK Products embody or use one or more  
26 invention(s) described or claimed in the Licensed Patent Rights. In order to qualify as an  
27 invention in a claim of an issued patent, however, the alleged invention must be defined by a  
28 claim that is valid and enforceable.

1           34. Section 11.2 of the License Agreement provides that Ligand shall have the  
2 right to terminate any license grant at any time upon ninety days written notice.

3           35. On August 9, 2007, pursuant to Section 11.2, Ligand sent by facsimile and  
4 U.S. Mail a notice to Rockefeller of its intent to terminate the License Agreement. Pursuant  
5 to Section 11.2, the termination was effective under the License Agreement ninety days  
6 thereafter or on November 7, 2007.

7           36. Since termination of the License Agreement under Section 11.2, Rockefeller  
8 has claimed that the License Agreement was not terminated. Rockefeller contends that 25%  
9 of past and future payments related to GSK Products received by Ligand must be shared with  
10 Rockefeller.

11           37. The parties entered into a tolling agreement that contemplated the parties  
12 would try to resolve the controversy without the need for litigation. The tolling agreement  
13 expired on March 3, 2008. Rockefeller's communications prior to March 3, 2008, including  
14 their refusal to extend the tolling agreement and their specific threat of filing a lawsuit against  
15 Ligand at the expiration of the tolling agreement, have made Ligand reasonably afraid that it  
16 will be sued by Rockefeller on these issues today or within the next few days.

17           **VI. FIRST CLAIM FOR RELIEF – DECLARATORY JUDGMENT SCOPE OF**  
18                                   **LICENSED PATENT RIGHTS**

19           38. Ligand incorporates by reference as though fully set forth herein paragraphs 1  
20 through 37 of this Complaint.

21           39. The License Agreement between Ligand and Rockefeller provides for, among  
22 other things, a license of Licensed Patent Rights. (Section 2.1, License Agreement).

23           40. Rockefeller has alleged that the Rockefeller Patents are included within the  
24 Licensed Patent Rights and also that the GSK Products or their use embody or employ the  
25 Licensed Patent Rights.

26           41. Applying the plain meaning of the words of the License Agreement, the GSK  
27 Products and their use do not embody or employ any invention described or claimed in the  
28 Licensed Patent Rights.

1           42.     An actual controversy exists between Rockefeller and Ligand as to whether or  
2     not the GSK Products or their use embody or employ Licensed Patent Rights, whether or not  
3     the GSK Products or their use embody or employ any invention described or claimed in the  
4     Rockefeller Patents and whether or not the payments Rockefeller is demanding under the  
5     License Agreement are in fact due.

6           43.     Even if the GSK Products embody or use an invention merely described in the  
7     Rockefeller Patents, the patent laws of the United States protect only inventions defined by  
8     valid and enforceable claims and there is an actual controversy as to whether or not any claim  
9     of the Rockefeller Patents is valid for failure to comply with any one of 35 USC §§ 101 et  
10    seq.

11          44.     On information and belief, Rockefeller has filed one or more patent  
12    applications for the purpose of claiming the GSK Products are subject to payments under the  
13    License Agreement, and Rockefeller did so with knowledge that no valid patent should issue.  
14    There is an actual controversy as to whether the GSK Products or their use embody or employ  
15    any invention described or claimed in any pending patent application and whether any such  
16    patent application filed after learning of the GSK Products was filed in good faith under the  
17    License Agreement.

18           **VII. SECOND CLAIM FOR RELIEF – DECLARATORY JUDGMENT SCOPE OF**  
19                           **TECHNICAL INFORMATION**

20          45.     Ligand incorporates by reference as though fully set forth herein paragraphs 1  
21    through 44 of this Complaint.

22          46.     The License Agreement between Ligand and Rockefeller provides for, among  
23    other things, a license of Technical Information of Rockefeller. (Section 2.1, License  
24    Agreement).

25          47.     Rockefeller alleges that Technical Information was essential to the discovery  
26    or development of the GSK Products.

27          48.     Ligand, relying on the plain meaning of the License Agreement, alleges that  
28    Technical Information was not used in the discovery or development of the GSK Products.

1 Ligand further alleges under Section 1.4 of the License Agreement Technical Information  
2 must be owned by Rockefeller and existing or capable of description in a tangible form and  
3 must have been developed in the laboratory of Darnell or of David Levy of NYU as of  
4 September 30, 1992 or by Darnell at his laboratory on or before five years from September  
5 30, 1992 or by September 30, 1997. The GSK Products were not developed using Technical  
6 Information but rather used either publicly known information, information known or  
7 discovered by Ligand and/or GSK, or information received from third parties.

8 49. An actual controversy exists between Rockefeller and Ligand as to whether or  
9 not Technical Information was essential to the discovery or development of the GSK  
10 Products.

## 11 **VII. THIRD CLAIM FOR RELIEF – DECLARATORY JUDGMENT**

### 12 **TERMINATION**

13 50. Ligand here incorporates by reference as though fully set forth herein  
14 paragraphs 1 through 49 of this Complaint.

15 51. Rockefeller relies on Section 11.3 of the License Agreement in asserting that,  
16 absent a material breach, the "Agreement" cannot be terminated.

17 52. Ligand claims, in the alternative, that the notice dated August 9, 2007 either  
18 terminated the License Agreement in its entirety, subject only to certain specified rights  
19 which survived termination, or to the extent any different, terminated all then existing license  
20 rights, again subject only to any rights that might survive termination.

21 53. An actual controversy exists between Rockefeller and Ligand as to whether or  
22 not the License Agreement has been terminated and as to the nature of the rights terminated.

## 23 **VIII. DEMAND FOR JUDGMENT**

24 WHEREFORE, Plaintiff requests that:

25 1. This Court enter a judgment declaring the GSK Products do not embody any  
26 invention(s) described or claimed in the Licensed Patent Rights and that the use of the GSK  
27 Products do not employ any invention(s) described or claimed in the Licensed Patent Rights;  
28

1           2.     This Court enter a judgment declaring that Technical Information was not  
2 essential to the discovery or development of the GSK Products;

3           3.     This Court enter a judgment declaring that Ligand is not liable for any  
4 additional payments under the License Agreement beyond those that have already been made;

5           4.     This Court enter a judgment declaring that the License Agreement was  
6 terminated as of November 7, 2007 and that subsequent to termination of the License  
7 Agreement, Ligand is not liable for any future payments under the License Agreement;

8           5.     Plaintiff be awarded costs, attorneys' fees and other relief, both legal and  
9 equitable, to which it may be justly entitled;


10          6.     Plaintiff be awarded relief under 28 U.S.C. § 2202; and

11          7.     Plaintiff be awarded such other and further relief as this Court deems proper.

12                     Respectfully submitted,

13                     KNOBBE, MARTENS, OLSON & BEAR, LLP

14  
15     Dated: 3/3/08

16                     By:   
                       Darrell Olson (signature via facsimile)

17                     Attorneys for Plaintiff  
18                     LIGAND PHARMACEUTICALS INCORPORATED  
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